

MEMORANDUM

January 20, 2015

TO: Government Operations & Fiscal Policy Committee
FROM: ^{GO} Glenn Orlin, Deputy Council Staff Director
SUBJECT: Spending Affordability Guidelines for the FY15-20 CIP, and other general CIP assumptions

The objective for this worksession is for the Committee to review the Spending Affordability Guidelines for the Amended FY15-20 CIP and the set of associated CIP assumptions. The Committee will prepare its recommendations for the Council's review on February 3, the deadline for the Council either to confirm or amend guidelines. Any February revision is supposed to "reflect a significant change in conditions" regarding affordability, and not to take need into account. After February 3 the Council can adopt an aggregate capital budget that has expenditures that exceed the guidelines, but only with seven or more affirmative votes. The County Code section describing this process is on ©1-3.

I. GENERAL OBLIGATION BONDS

1. Council approved guidelines and targets. The General Obligation (G.O.) Bond Spending Affordability Guidelines and targets approved for the FY15-20 CIP on October 1, 2013 were \$295 million in each year and \$1.77 billion for the six-year period. On February 4, 2014 the Council increased the guidelines and targets by 10%, to \$324.5 million in each year and \$1.947 billion for the six-year period.

The current guidelines apply to FY15, FY16, and the FY15-20 period. The guidelines can be amended by a simple majority of Councilmembers present. The County Code restricts any increase to the first-year or the second-year guideline to 10% over the previously set amount. Since the current G.O. Bond guideline for FY15 is \$324.5 million, the Council cannot raise it higher than \$356.95 million. The same is true for the FY16 guideline. The Council can raise or lower the FY15-20 guideline as high or low as it wishes.

The Council's Approved FY15-20 CIP set the FY15 bond level lower than the guideline, at \$299.5 million. It set the FY16 bond level at the guideline of \$324.5 million, and it retained the 6-year guideline of \$1.947 billion by raising the bond target in FY17 to \$327 million the targets in FYs18-20 to \$332 million each. The Executive recommends amending the guidelines and targets to match the bond

levels in the Approved CIP; this is reflected in the G.O. Bond Adjustment Chart accompanying the Executive's January 15, 2015 CIP recommendations (©4). Table 1 displays the General Obligation bond levels in recent CIPs and in the Executive's January 15 recommendations for the Amended CIP ('FY15-20 Am'):

Table 1: General Obligation Bonds in Recent CIPs (\$ millions)

CIP	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	6 Year
FY09-14	300	300	300	300	300	300							1,800
FY09-14 Am	300	310	315	325	290	300							1,840
FY11-16			325	325	325	325	325	325					1,950
FY11-16 Am			320	310	320	320	320	320					1,910
FY13-18					295	295	295	295	295	295			1,770
FY13-18 Am					295	295	295	295	295	295			1,770
FY15-20							299.5	324.5	327	332	332	332	1,947
FY15-20 Am							299.5	324.5	327	332	332	332	1,947

To assist in determining debt capacity—how much debt the County can afford—the Committee and Council rely in part on the debt capacity analysis charts that show the value of various indicators of debt affordability at various levels of debt over the next six years. The indicators are:

1. Total debt should not exceed 1.5% of full market value of taxable real property.
2. The sum of debt service and long-term and short-term lease payments should not exceed 10% of General Fund revenue.
3. Real debt per capita should not exceed \$1,000 by a "significant" amount. As a working definition of this indicator, the Council should assume that real debt per capita should not exceed \$2,200 in FY15 dollars.
4. The ratio of debt to income should not exceed 3.5%.
5. 60-75% of the debt at the beginning of any period should be paid off within ten years.

The Department of Finance has updated the assumptions and inputs for the bond interest rate, operating revenue growth, population growth, inflation, the assessable base and total personal income. A comparison of the assumptions and inputs is on ©5:

- The annual interest rates on bonds are assumed to remain unchanged at 5.0% annually.
- Operating Budget growth is anticipated to climb at a significantly lower rate in FY16: 0.8% compared to the previously assumed 4.1%. It is expected to rebound in FY17: 5.2% compared to the 3.2% assumed last March. In FYs18-20 the projected growth rates are nearly the same as earlier projected.
- The year-to-year population forecast is largely unchanged.
- The annual inflation rates are forecast to be considerably lower in FYs16-19.
- The countywide assessable base is projected to increase somewhat slower over each of the next six years.
- Countywide personal income is now projected to grow very little in FY16. The increases in FYs17-20 would grow in roughly the same increments as before, but starting from the lower FY16 base.

These assumptions, especially the lower forecasted growth in the operating budget, assessable base, and personal income, drive the results of these indicators more than the debt levels themselves.

Using the new input assumptions, OMB's debt capacity analysis for the Executive's recommended guidelines and targets is on ©6. Compare this chart to the analysis of the approved guidelines and targets (i.e., \$324.5 million each year) last March, on ©7. In addition, Council staff asked OMB to produce debt capacity analyses for two other alternatives, setting the annual limit (starting in FY16) at \$335 million (©8) and \$340 million (©9). These charts show the following about the five indicators:

- *Debt/Assessed Value.* All the scenarios exceed the 1.5% guideline in all six years. All of them rise through FY16, and then begin to decline starting in FY17. Compared to the values the Council reviewed last January for the \$295M/year scenario (©7), all the new scenarios are marginally worse.
- *Debt service plus lease payments as a share of General Fund revenue.* All the scenarios exceed the 10% guideline in all six years. The Executive's recommendation and the \$335M/year scenarios each exceed 12% in FY17 and FY20, and hover near that level in FYs18-19. The \$340M/year scenario exceeds 12% in three years: FY17, FY19, and FY20. Compared to the values the Council reviewed last January (©7), the values for all three scenarios are worse each year, and considerably worse (+0.5% or more) in FYs17-20. The difference is driven mainly by the low Operating Growth assumption for FY16, which has a cascading effect into the later years. Another factor this year is Finance's issuing of \$200.5 million of G.O. bonds last fall to supplant some of the Interim Financing in the CIP used to fund the County Executive's Smart Growth Initiative. This raised the annual debt service payments, so this factor is commensurately worse.
- *Real debt/capita.* All the scenarios exceed the \$2,200/capita standard, and generally by more than 50%.
- *Debt/income.* All the scenarios exceed the 3.5% guideline in all six years. All of them rise through FY16, and then begin to decline starting in FY17. Compared to the values the Council reviewed last January for the \$295M/year scenario (©7), all the new scenarios are worse.
- *Payout ratio.* All the scenarios produce values well within the 60-75% range each year.

Council staff recommendation: Concur with the Executive. All the indicators are at historically poor levels. On the other hand, it should be noted that increasing the guidelines and targets in FYs16-20 to \$335 million (\$27.5 million more over six years, a 1.4% increase) or even \$340 million (\$52.5 million more, a 2.7% increase), while worse, are not significantly different than the Executive's recommendations.

Section 20-56(c)(4) of the County Code states that on the first Tuesday in February the Council can amend the CIP's Spending Affordability Guideline "to reflect a significant change in conditions" (see top of ©3). There is no significant change in conditions, so there is no predicate to amend the guidelines. However, last February there was even less of a predicate to increase the guidelines; nevertheless, the Executive recommended increasing the guidelines and targets by 10% (\$177 million more over six years), and the Council concurred.

2. Implementation ('overbooking') rates. The implementation rate for a given year is the total amount of spending in that year divided by the amount of expenditures initially programmed for that year. An implementation rate is actually a mixture of three factors: the degree to which programmed expenditures in a year are actually spent in that year; the degree to which programmed expenditures from a previous year are lapsed into a subsequent year; and the degree to which the Council approves supplemental and special appropriations which result in additional spending. The implementation rate allows the Council to 'overbook' the CIP to some degree, knowing that not all the funds programmed will actually be spent. The implementation rate assumed in the FY15-20 CIP approved in May was

86.46% for each year. This means that the Council overbooked G.O Bond funding in the Approved CIP by about 15.7% ($1.00/.8646=1.1566042\dots$).

Council staff has asked OMB to calculate the implementation rate for each agency for the last full fiscal year for G.O. bond proceeds, and to array these rates against those of the prior four years. The calculations are on ©10. A summary of the results is displayed below:

Table 2: Implementation Rates by Program and Year for G.O. Bond Funds (nearest %)

	FY10	FY11	FY12	FY13	FY14	5yr avg
MCPS	85	78	151	115	116	108
Mont. College	63	48	168	164	66	92
Parks	128	70	56	509	45	94
Transportation	79	154	135	101	82	109
MCG-Other	70	61	26	69	116	66
TOTAL	79	87	103	100	103	95

Since rates can fluctuate widely from one year to the next strictly due to the experience on a few large projects or even based on when bills happen to be paid, the best indicator for the future forecast of implementation rates is a multi-year average, not the rate from a particular year.

The average implementation rate across agencies over the past five years has been 94.61%. Therefore, while he is recommending not changing the 86.46% implementation rate for the current fiscal year, the Executive is recommending using an implementation rate of 94.61% over each of the next five years (FYs16-20). Essentially he assumes that nearly one of every 20 dollars of G.O. bond proceeds will not be spent in FYs16-20. This would allow the CIP to be overbooked by about 5.7% ($1.00/0.9461=1.0569707\dots$) in those years.

Council staff concurs with the Executive's implementation rate assumptions.

3. Inflation rates. The inflation rates in the adjustment charts are not supposed to measure construction cost inflation, but general inflation: they are a means of translating the general value of the annual bond guidelines and targets so that they can be compared against aggregate CIP expenditures, which are expressed in constant dollars. The Department of Finance takes the lead in developing inflation forecasts. Compared to its forecast last March, Finance is now assuming the annual inflation rates to be lower in FYs15-19, but slightly higher in FY20.

Typically a forecast is developed during the winter which is part of the basis for building the Executive's Recommended CIP. Finance updates these assumptions in the late winter based on more recent trends, in preparation for the development of the Executive's Recommended Operating Budget and Public Services Program (PSP). The Council uses the same rates in the CIP as in the PSP. **When the updated rates are available Council staff will report their effect on the funds available for programming.** Table 3 shows the inflation assumptions used in the recently approved CIPs and the rates used for the Executive's CIP recommendations ('FY15-20 Am'):

Table 3: Inflation Assumptions in Recent CIPs (%)

CIP	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
FY11-16	2.10	2.25	2.45	2.60	2.80	3.00				
FY11-16 Am	2.10	2.40	2.70	3.00	3.20	3.40				
FY13-18			2.70	2.90	2.85	2.65	2.65	2.70		
FY13-18 Am			2.70	2.32	2.40	2.73	3.15	3.45		
FY15-20					2.03	2.22	2.52	2.63	2.43	2.28
FY15-20 Am					2.03	1.76	1.91	2.05	2.20	2.32

4. Set-aside for bond-funded projects. In building the CIP the Council has always set aside some funding capacity to cover anticipated and unanticipated contingencies. The set-asides will be needed for: (1) the design, land acquisition, and construction cost of projects currently in facility planning, whether they be roads, schools, or anything else; (2) the inevitable cost increases that occur once more is known about the scope of projects and the problems that must be overcome to deliver them; and (3) the one-time needs or opportunities that cannot be foreseen. The set-asides in prior CIPs are shown in Table 4, and the Executive's latest recommendations are in **bold type**:

Table 4: Capital Set-Asides for General Obligation Bonds in Recent CIPs (\$ millions)

CIP	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	6-Yr	%
FY11-16	12.4	12.6	16.4	26.2	49.7	87.7					205.0	8.6
FY11-16 Am	2.6	13.0	17.9	20.5	25.3	65.7					145.0	6.4
FY13-18			9.7	13.6	18.7	28.4	47.9	57.7			176.1	7.6
FY13-18 Am			—	18.9	21.5	24.6	24.7	45.3			135.0	6.1
FY15-20					11.5	20.8	22.9	28.9	37.4	67.8	189.4	8.1
FY15-20 Am					0.9	14.6	19.4	21.2	22.5	42.7	121.3	5.5

The traditional pattern for set-asides—through the CIP approved in May 2008 (the FY09-14 CIP)—was that a full CIP reserved about 15% of available funding, and that an Amended CIP reserved a lesser percentage, since it is essentially only a 5-year CIP. This pattern of reserves had served the County well over the prior two decades, allowing for growth in the cost of projects already in the CIP and a fiscal placeholder for some projects in facility planning to be funded for construction in the subsequent CIP.

However, the set-aside in the Amended CIP approved in May 2009 (7.9%) was only about half the size of the normal reserve, as was the set aside in the CIP approved in May 2010 (8.6%). The Executive is now recommending a reserve even less than in the Amended CIP of two years ago, holding back only 5.5% of the funds available for programming. Should the Council accept the Executive's recommended set-asides, it should do so with the knowledge that it leaves far less capability to fund future cost increases on existing projects or new projects now in facility planning.

II. PAYGO

Typically the CIP dedicates a certain amount of current revenue as an offset against bond expenditures, also called PAYGO. The County policy is to peg the amount of PAYGO in a year to at least 10% of the G.O. bond guideline or target for that year. The Executive's recommendation is to retain the same PAYGO as programmed in the Approved CIP, which meets or exceeds the 10% policy.

The PAYGO assumptions in recent CIPs are in Table 5. The Executive's recommendations are shown in **bold type**:

Table 5: 'Regular' PAYGO Assumptions in Recent CIPs (\$ millions)

CIP	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	6-Yr
FY09-14	5.4	30.0	30.0	30.0	30.0	30.0							155.4
FY09-14 Am	5.4	1.3	31.5	32.5	29.0	30.0							129.7
FY11-16			0.0	32.5	32.5	32.5	32.5	32.5					162.5
FY11-16 Am			0.0	31.0	32.5	32.5	32.5	32.5					161.0
FY13-18					29.5	35.5	55.5	55.5	55.5	55.5			287.0
FY13-18 Am					29.5	29.5	40.5	40.5	50.5	50.5			241.0
FY15-20							29.95	32.45	32.7	33.2	33.2	33.2	194.7
FY15-20 Am							29.95	32.45	32.7	33.2	33.2	33.2	194.7

Council staff concurs with the Executive's recommendation.

III. IMPACT AND RECORDATION TAXES

1. Recordation tax revenue. In 2002 the Council approved an increase to the County's recordation tax. The proceeds from this increment are to be used to supplement capital funding for any MCPS project or Montgomery College information technology project. These funds are essentially types of PAYGO and Current Revenue.

Eight years ago the Council amended the recordation tax to increase the rate by \$3.10/\$1,000 (i.e., 0.31%) for the amount of value of a transaction greater than \$500,000. Half of the incremental revenue is dedicated to rental assistance programs and half to County Government capital projects (e.g., roads, libraries, police and fire stations). This has been called the Recordation Tax Premium. The Council approved legislation that allowed funds from both forms of the recordation tax to be used for the Operating Budget in FY11 and FY12, so far less of these funds were made available to the CIP in those years, but subsequently revenues collected from these sources returned to their originally intended uses. The revenue from the Recordation Tax—School Increment since FY03 is shown in Table 6:

Table 6: Revenue from the 'School Increment' of the Recordation Tax

FY03	\$23,199,460
FY04	33,857,701
FY05	39,684,570
FY06	44,860,925
FY07	32,738,324
FY08	25,247,523
FY09	18,246,176
FY10	18,459,234
FY11	20,163,790
FY12	20,188,936
FY13	27,640,951
FY14	24,948,565
FY15 (first half)	12,826,258

The Executive is recommending programming \$31,991,000 in School Recordation Tax revenue in FY15—the same amount as assumed in the Approved CIP—and lower amounts in succeeding years.

Finance is projecting that \$23,175,000 will be collected in FY15. The Approved CIP assumed that collections in FY14 were to be \$25,400,000. However, collections in FY14 fell short of expectations by \$460,000, which means that \$460,000 needs to be paid back to the General Fund from FY15 collections. This suggests that only \$22,715,000 (\$23,175,000-\$460,000) could be programmed in FY15, about \$9.2 million less than the Executive's recommendation.

During the first half of FY15 the County has collected about \$12,826,000 in School Recordation Tax revenue. This figure suggests that \$24.6 million may be a reasonable assumption for collections in FY15, but this is still about \$7.4 million less than the Executive's recommendation.

Council staff recommendation: Assume \$24.1 million in School Recordation Tax revenue in FY15, about \$7.9 million less than assumed by the Executive. Concur with Finance's forecast for FYs16-20. The amounts programmed in the Approved CIP, the Executive's recommendations, and Council staff's recommendations are shown in the table below:

Table 7: Revenue Assumptions for the Recordation Tax—School Increment (\$000)

	FY15	FY16	FY17	FY18	FY19	FY20
FY15-20 CIP	31,991	30,895	33,151	35,418	38,221	40,293
FY15-20 Rec	31,991	27,126	29,946	30,772	32,438	33,117
FY15-20 CS	24,100	27,126	29,946	30,772	32,438	33,117

The Executive is recommending programming \$9,191,000 in Recordation Tax Premium revenue in FY15—the same amount as assumed in the Approved CIP—and lower amounts in succeeding years.

Finance is projecting that \$6,736,000 will be collected in FY15. The Approved CIP assumed that collections in FY14 were to be \$8,400,000. However, collections in FY14 fell short of expectations by \$403,000, which means that \$403,000 needs to be paid back to the General Fund from FY15 collections. This suggests that only \$6,333,000 (\$6,736,000-\$403,000) could be programmed in FY15, about \$2.9 million less than the Executive's recommendation.

During the first half of FY15 the County has collected about \$4,065,000 in Recordation Tax Premium revenue. This figure suggests that \$8.1 million may be a reasonable assumption for collections in FY15, but this is still about \$1.1 million less than the Executive's recommendation.

Council staff recommendation: Assume \$8.1 million in Recordation Tax Premium revenue in FY15, about \$1.1 million less than assumed by the Executive. Concur with Finance's forecast for FYs16-20. The amounts programmed in the Approved CIP, the Executive's recommendations, and Council staff's recommendations are shown in the table below:

Table 8: CIP Revenue Assumptions from the Recordation Tax Premium (\$000)

	FY15	FY16	FY17	FY18	FY19	FY20
FY15-20 CIP	9,191	9,195	9,866	10,540	11,375	11,991
FY15-20 Rec	9,191	7,301	8,060	8,232	8,731	8,914
FY15-20 CS	8,100	7,301	8,060	8,232	8,731	8,914

2. **Impact taxes.** For several years revenue from impact taxes was overestimated, leading to the need to supplant impact tax revenue with General Fund advances which ultimately are reimbursed with funds that otherwise could be used for other projects in the CIP. Starting with the Approved FY11-16 CIP, the Council initiated the practice of assuming conservative revenue estimates for impact taxes. At CIP Reconciliation, if actual revenue proved to be somewhat higher, the Council would be in the happier position to program the additional amount.

Regarding the Transportation Impact Tax, the Executive is recommending a modest reduction in revenue due to the recent slowdown in residential and commercial construction. Revenue from this tax is very difficult to predict due to when credits are cashed in. Furthermore, note that the revenue in this forecast applies to the General District, the Clarksburg District, and the Metro Station Policy Areas, but not for the revenue from the Gaithersburg and Rockville Districts, which by law can be used only for projects in MOUs between the County and the respective municipalities.

Finance is projecting that \$5,161,000 will be collected in FY15. The Approved CIP assumed that collections in FY14 were to be \$7,601,000 higher than the Executive projected, and all of that was programmed in FY15. However, collections in FY14 fell short of expectations by \$2,034,000, which means that only \$5,567,000 can be carried over into FY15, which in turn means that if Finance's forecast is accepted, then \$10,728,000 (\$5,161,000+\$5,567,000) could be programmed in FY15.

During the first half of FY15 the County cumulatively has collected \$7,077,864 in the General District, the Clarksburg District, and the Metro Station Policy Areas. This figure suggests that \$14 million may be a reasonable assumption for collections in FY15, plus the carryover of \$5,567,000, for a total of \$19,567,000: \$10,121,000 more than the Executive's recommendation.

Council staff recommendation: Assume \$10,121,000 more revenue than anticipated by the Executive. Program \$121,000 more in FY15, and carry over \$5 million each in FY16 and FY17. The amounts programmed in the Approved CIP, the Executive's recommendations, and Council staff's recommendations are shown in Table 9:

Table 9: Transportation Impact Tax Revenue Estimates (\$000)

	FY15	FY16	FY17	FY18	FY19	FY20
FY15-20 CIP	9,470	10,135	6,589	4,727	4,727	4,775
FY15-20 Rec	9,446	5,397	5,397	5,460	5,460	5,515
FY15-20 CS	9,567	10,397	10,397	5,460	5,460	5,515

Revenue from the School Impact Tax has burgeoned within the last few years as the market for new housing has recovered, although, as with the Transportation Impact Tax, there has been a slowdown recently. The revenue collected from this tax since it was initiated in FY04 is shown below:

Table 10: Revenue from the School Impact Tax

FY04	\$434,713
FY05	7,695,345
FY06	6,960,032
FY07	9,562,889
FY08	6,766,534
FY09	7,925,495
FY10	11,473,071
FY11	14,480,846
FY12	16,462,394
FY13	27,901,753
FY14	45,837,274
FY15 (first half)	14,549,720

The Executive is recommending \$48,937,000 be programmed with School Impact Tax revenue in FY15, the same as in the Approved CIP. Finance is projecting that \$33,018,000 will be collected in FY15; the balance would be carryover revenue from FY14. In FYs16-20 Finance forecasts considerably higher revenue, when it expects the housing industry to rebound.

The Approved CIP assumed that collections in FY14 were to be \$22,002,000 higher than the Executive projected, and all of that was programmed in FY15. However, collections in FY14 fell short of expectations by \$3,713,000, which means that only \$18,289,000 can be carried over into FY15, which in turn means that if Finance's forecast is accepted, then \$51,307,000 (\$33,018,000+\$18,289,000) could be programmed in FY15: \$2,370,000 more than assumed by the Executive.

During the first half of FY15 the County cumulatively has collected \$14,549,720 in School Impact Tax revenue. Doubling this figure would suggest that only about \$29 million may be collected in FY15, not \$33 million as projected by Finance.

Council staff recommendation: Concur with the Executive's recommendations. While the Executive's recommendation assumes a lower amount of revenue carryover from FY14, it also assumes—based on Finance's estimate—a higher amount to be collected in FY15 than is suggested by the collections through the first half of the fiscal year. The amounts programmed in the Approved CIP, the Executive's recommendations, and Council staff's recommendations are shown in the table below:

Table 11: School Impact Tax Revenue Estimates (\$000)

	FY15	FY16	FY17	FY18	FY19	FY20
FY15-20 CIP	48,937	25,076	24,434	24,071	23,422	23,003
FY15-20 Rec	48,937	32,183	35,961	36,242	36,671	39,908
FY15-20 CS	48,937	32,183	35,961	36,242	36,671	39,908

IV. STATE SCHOOL CONSTRUCTION AID

The CIP approved last May estimated \$39,950,000 of “regular” State school construction aid for FY15 and \$40 million annually for the FY16-20 period. The Executive recommends continuing to use these assumptions. He also recommends assuming \$213.3 million in State-supported School Financing Bonds, spread over FYs16-17.

Council staff recommends using the Executive’s estimates for now. The Education Committee will evaluate these estimates further during its review of the Board of Education’s CIP request. The Committee should again work with the Board of Education to develop a “negative wish list” should these School Financing Bonds not materialize.

V. CURRENT REVENUE

The Executive’s proposed Current Revenue Adjustment Chart is on ©11. The Executive is recommending that about \$397.4 million of tax-supported Current Revenue be available in FY15-20 (inflation adjusted), marginally less than in the Approved CIP. The decrease is only in the FY16 budget year, for which he recommends about \$0.6 million less. Current Revenue levels in past CIPs and the Recommended CIP are shown below:

Table 12: Current Revenue in Recent CIPs (\$ millions)

CIP	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	6-Yr
FY11-16	23.8	40.9	56.1	77.0	77.9	56.9					332.7
FY11-16 Am	25.5	35.0	57.6	76.6	74.7	57.0					326.3
FY13-18			50.2	81.4	57.9	54.9	52.5	59.4			356.3
FY13-18 Am			50.9	53.2	59.6	56.6	53.3	61.4			335.3
FY15-20					45.8	73.7	66.9	68.5	72.4	70.8	398.0
FY15-20 Am					45.8	73.1	66.9	68.5	72.4	70.8	397.4

Council staff recommends using the Executive’s assumptions.

VI. PARK AND PLANNING BONDS

In FY14 the Council initially approved and later confirmed Spending Affordability Guidelines for Park and Planning Bonds of \$6.0 million for FY15, \$6.0 million for FY16 and \$36.0 million for FY15-20. The Executive recommends retaining these guidelines and using the new inflation rates now proposed for G.O. Bonds. He also is assuming an implementation rate of 75% for each year, just as in the CIP approved last spring (©12). The Executive’s recommended set-aside of about \$4.2 million comprises about 9.0% of the funds available for projects, which is a slightly higher share than in the Approved CIP (8.3%).

Council staff recommendation: Retain the current guidelines and targets.

- c. In any agreement by the county relating to revenue bonds; and
- (2) Compel the performance of all duties required by:
 - a. This article; or
 - b. A resolution authorizing revenue bonds; or
 - c. Any agreement by the county relating to revenue bonds, in accordance with law. (1986 L.M.C., ch. 52, § 1.)

Sec. 20-54. Credit of county not pledged.

- (a) Revenue bonds are not indebtedness of the county within the meaning of the Charter and do not constitute a pledge of the full faith and credit of the county.
- (b) All revenue bonds must contain a statement on their face to the effect that the full faith and credit of the county is not pledged to pay their principal, interest, or premium, if any. (1986 L.M.C., ch. 52, § 1.)

ARTICLE X. SPENDING AFFORDABILITY—CAPITAL BUDGETS*

Sec. 20-55. Definitions.

In this Article, the following terms have the meanings indicated:

- (a) "*Aggregate capital budget*" means all capital budgets approved by the County Council.
- (b) "*Capital improvements program*" means the comprehensive 6-year program for capital improvements submitted by the County Executive to the County Council under Section 302 of the Charter.
- (c) "*Council*" means the County Council sitting as a spending affordability committee under Section 305 of the Charter. (CY 1991 L.M.C., ch. 29, § 2; 1997 L.M.C., ch. 33, § 1.)

*Editor's note—See County Attorney Opinion dated 10/30/91-A describing the additions to Charter § 305 by Question F as not conflicting with the TRIM amendment.

Prior to its repeal and reenactment by CY 1991 L.M.C., ch. 29, Art. X was entitled "Spending Affordability;" consisted of §§ 20-55—20-59, and was derived from CY 1991 L.M.C., ch. 1, § 1.

Sec. 20-56. Establishment of Guidelines.

- (a) *General.* The Council must adopt spending affordability guidelines for the aggregate capital budget under this Article.
- (b) *Content.* The guidelines for the aggregate capital budget must specify the:
 - (1) total general obligation debt issued by the County that may be planned for expenditure in the first fiscal year under the capital improvements program;
 - (2) total general obligation debt issued by the County that may be planned for expenditure in the second fiscal year under the capital improvements program;
 - (3) total general obligation debt issued by the County that may be approved under the 6-year capital improvements program;
 - (4) total amount of debt, except refunding bonds, issued by the Maryland-National Capital Park and Planning Commission that may be planned for expenditure in the first fiscal year under the capital improvements program for projects in the County;
 - (5) total amount of debt, except refunding bonds, issued by the Maryland-National Capital Park and Planning Commission that may be planned for expenditure in the second fiscal year under the capital improvements program for projects in the County; and
 - (6) total amount of debt, except refunding bonds, issued by the Maryland-National Capital Park and Planning Commission for projects in the County that may be approved under the 6-year capital improvements program.
- (c) *Procedures.*
 - (1) The Council must adopt spending affordability guidelines for the aggregate capital budget, by resolution, not later than the first Tuesday in October in each odd-numbered calendar year.
 - (2) The council must hold a public hearing before it adopts guidelines under paragraph (1).
 - (3) The Council may delegate responsibility for monitoring relevant affordability indicators to its standing committee with jurisdiction over spending affordability matters.

MONTGOMERY COUNTY CODE
Chapter 20

§20-56

- (4) Not later than the first Tuesday in February of each year, the Council may, subject to paragraph (5), amend the resolution establishing the guidelines to reflect a significant change in conditions. An amendment may alter a guideline by either an upward or downward adjustment in dollar amount.
- (5) Any upward adjustment of a dollar amount under paragraph (4) for a guideline required by subsection (b)(1), (b)(2), (b)(4), or (b)(5) must not exceed 10%. (CY 1991 L.M.C., ch. 29, § 2; 1997 L.M.C., ch. 33, § 1.)

Sec. 20-57. Affordability Indicators.

In adopting its guidelines, the Council should consider, among other relevant factors:

- (a) the growth and stability of the local economy and tax base;
- (b) criteria used by major rating agencies related to creditworthiness, including maintenance of a "AAA" general obligation bond rating;
- (c) County financial history;
- (d) fund balances;
- (e) bonded debt as a percentage of the full value of taxable real property;
- (f) debt service as a percentage of operating expenditures;
- (g) the effects of proposed borrowing on levels of debt per-capita, and the ability of County residents to support such debt as measured by per-capita debt as a percentage of per-capita income;
- (h) the rate of repayment of debt principal;
- (i) availability of State funds for County capital projects;
- (j) potential operation and maintenance costs relating to debt financed projects; and
- (k) the size of the total debt outstanding at the end of each fiscal year. (CY 1991 L.M.C., ch. 29, § 2; 1997 L.M.C., ch. 33, § 1.)

Sec. 20-58. Approval of Capital Budgets.

Any aggregate capital budget that exceeds the spending affordability guidelines in effect after the first Tuesday in February requires the affirmative vote of 7 councilmembers for approval. (CY 1991 L.M.C., ch. 29, § 2.)

GENERAL OBLIGATION BOND ADJUSTMENT CHART

FY15-20 Biennial Capital Improvements Program

CE RECOMMENDED

January 15, 2015

(\$ millions)	6 YEARS	FY15	FY16	FY17	FY18	FY19	FY20
BONDS PLANNED FOR ISSUE	1,947.000	299.500	324.500	327.000	332.000	332.000	332.000
Plus PAYGO Funded	194.700	29.950	32.450	32.700	33.200	33.200	33.200
Adjust for Implementation **	136.673	46.903	18.487	18.245	18.114	17.684	17.240
Adjust for Future Inflation **	(71.780)	-	-	(6.742)	(14.043)	(21.602)	(29.393)
SUBTOTAL FUNDS AVAILABLE FOR DEBT ELIGIBLE PROJECTS (after adjustments)	2,206.592	376.353	375.437	371.204	369.271	361.281	353.047
Less Set Aside: Future Projects	121.320	0.929	14.848	19.383	21.165	22.474	42.722
	5.50%						
TOTAL FUNDS AVAILABLE FOR PROGRAMMING	2,085.272	375.424	360.789	351.821	348.106	338.807	310.325
MCPS	(770.412)	(116.808)	(138.761)	(136.484)	(153.119)	(124.107)	(101.133)
MONTGOMERY COLLEGE	(153.700)	(37.570)	(20.427)	(30.663)	(25.817)	(12.452)	(26.771)
M-NCPPC PARKS	(67.788)	(9.789)	(11.103)	(13.135)	(12.677)	(11.222)	(9.862)
TRANSPORTATION	(610.662)	(107.423)	(78.496)	(78.212)	(96.334)	(122.492)	(127.705)
MCG - OTHER	(558.151)	(161.048)	(122.849)	(98.256)	(62.476)	(68.668)	(44.854)
Programming Adjustment - Unspent Prior Years*	75.441	57.214	10.847	4.929	2.317	0.134	-
SUBTOTAL PROGRAMMED EXPENDITURES	(2,085.272)	(375.424)	(360.789)	(351.821)	(348.106)	(338.807)	(310.325)
AVAILABLE OR (GAP)	-	-	-	-	-	-	-
NOTES:							
* See additional information on the GO Bond Programming Adjustment for Unspent Prior Year Detail Chart							
** Adjustments Include:							
Inflation =		2.03%	1.76%	1.91%	2.05%	2.20%	2.32%
Implementation Rate =		86.46%	94.61%	94.61%	94.61%	94.61%	94.61%

DEBT CAPACITY ANALYSIS
KEY ASSUMPTIONS AND INPUTS
CE RECOMMENDED FY15-20 Amended CIP (January, 2015) VS. March, 2014

		Current Year FY 15	Year 2 FY 16	Year 3 FY 17	Year 4 FY 18	Year 5 FY 19	Year 6 FY 20
1	INTEREST RATE ON BONDS						
	March-14	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
	FY15-20 Amended CIP - January 15, 2015		5.00%	5.00%	5.00%	5.00%	5.00%
2	OPERATING GROWTH						
	March-14	3.00%	4.10%	3.20%	3.20%	3.20%	2.60%
	FY15-20 Amended CIP - January 15, 2015		0.80%	5.20%	3.10%	2.90%	2.70%
3	POPULATION						
	March-14	1,020,000	1,029,200	1,038,500	1,047,900	1,057,400	1,067,000
	FY15-20 Amended CIP - January 15, 2015		1,029,000	1,038,000	1,047,000	1,056,000	1,067,000
4	FY CPI INFLATION						
	March-14	2.03%	2.22%	2.52%	2.63%	2.43%	2.28%
	FY15-20 Amended CIP - January 15, 2015		1.76%	1.91%	2.05%	2.20%	2.32%
5	ASSESSABLE BASE-COUNTYWIDE						
	March-14	169,137,000	175,072,600	183,652,000	194,137,100	205,023,500	216,758,700
	FY15-20 Amended CIP - January 15, 2015		173,948,600	180,778,500	189,399,400	198,843,500	207,822,600
6	TOTAL PERSONAL INCOME						
	March-14	82,700,000,000	87,310,000,000	91,730,000,000	94,670,000,000	97,610,000,000	100,730,000,000
	FY15-20 Amended CIP - January 15, 2015		83,250,000,000	87,270,000,000	91,060,000,000	93,740,000,000	96,500,000,000

DEBT CAPACITY ANALYSIS

FY15-20 BIENNIAL CAPITAL IMPROVEMENTS PROGRAM

DEBT CAPACITY ANALYSIS January 16, 2015

Scenario - Guidelines @ **FY15 = \$299.5Mn, FY16 = \$324.5Mn, FY17 = 327Mn, FY18-20 = 332Mn**

6 Yr. Total (\$Mn.) \$1,947.0 mn

FY15 Total (\$Mn.) \$299.5 mn

FY16 Total (\$Mn.) \$324.5 mn

	GUIDELINE	FY14	FY15	FY16	FY17	FY18	FY19	FY20
1. GO Bond Guidelines (\$000s)		295,000	299,500	324,500	327,000	332,000	332,000	332,000
2. GO Debt/Assessed Value	1.5%	1.76%	1.87%	1.87%	1.85%	1.81%	1.77%	1.72%
3. Debt Service + LTL + Short-Term Leases/Revenues (GF)	10%	10.31%	11.40%	11.63%	12.06%	11.91%	11.96%	12.12%
4. \$ Debt/Capita		2,845	3,101	3,167	3,225	3,282	3,327	3,355
5. \$ Real Debt/Capita	\$2,000 ^{\$} 2,220	2,845	3,039	3,051	3,048	3,039	3,015	2,971
6. Capita Debt/Capita Income	3.5%	3.70%	3.82%	3.91%	3.84%	3.77%	3.75%	3.71%
7. Payout Ratio	60% - 75%	68.62%	67.41%	67.81%	68.27%	68.73%	69.60%	70.44%
8. Total Debt Outstanding (\$000s)		2,870,500	3,162,750	3,259,180	3,347,715	3,435,845	3,513,100	3,579,665
9. Real Debt Outstanding (\$000s)		2,870,500	3,099,824	3,139,087	3,163,929	3,181,990	3,183,500	3,170,269
10. OP/PSP Growth Assumption			3.0%	0.8%	5.2%	3.1%	2.9%	2.7%

Notes:

- (1) This analysis is used to determine the capacity of Montgomery County to pay debt service on long-term GO Bond debt, long-term leases, and substantial short-term financing.
- (2) OP/PSP Growth Assumption equals change in revenues from FY14 approved budget to FY15 budget for FY15 and budget to budget for FY16-20.
- (3) The proposed GO Bond Guidelines reflect the FY15-20 approved GO Bond issuance schedule. Using prior bond authority, there was an additional, one-time \$200.5 million bond issue in FY15 to fund Smart Growth Initiative costs. Debt service costs reflected above include the costs associated with this additional issuance as well as savings from bond refundings.

DEBT SERVICE IMPACT	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Assumed Issue Size (\$000)	295,000	299,500	324,500	327,000	332,000	332,000	332,000
GO Bond Debt Service (\$000)	277,885	317,588	319,765	352,885	369,416	387,655	405,309
Dollar change in GO Bond debt service (year to year)	15,235	39,703	2,177	33,121	16,530	18,239	17,654
Percentage change in GO Bond debt service (year to year)	5.80%	14.29%	0.69%	10.36%	4.68%	4.94%	4.55%
Dollar change in GO Bond debt service from the base (FY14)		39,703	41,880	75,001	91,531	109,770	127,424
STL and LTL Debt Service	33,004	34,345	38,779	38,828	28,789	24,050	23,015
Total Debt Service for Debt Capacity (GO Bond + STL and LTL)	310,888	351,933	358,544	391,713	398,205	411,705	428,324
Total Revenues	3,012,809	3,088,283	3,081,762	3,246,813	3,343,577	3,442,031	3,532,705
ASSUMED INCREASE IN DEBT ISSUANCE	Total Increase/(Decrease)						
Approved GO bond debt issuance	295,000	299,500	324,500	327,000	332,000	332,000	332,000
Assumed GO bond debt issuance	295,000	299,500	324,500	327,000	332,000	332,000	332,000
Increase/(Decrease) in GO bond debt issuance	0	0	0	0	0	0	0

DEBT CAPACITY ANALYSIS

FY15-20 CAPITAL IMPROVEMENTS PROGRAM

DEBT CAPACITY ANALYSIS March 15, 2014

Scenario - Guidelines @ \$324.5Mn - FY15 - FY20

6 Yr. Total (\$Mn.) \$1947.0 mn

FY15 Total (\$Mn.) \$324.5 mn

FY16 Total (\$Mn.) \$324.5 mn

	GUIDELINE	FY14	FY15	FY16	FY17	FY18	FY19	FY20
1. GO Bond Guidelines (\$000s)		295,000	324,500	324,500	324,500	324,500	324,500	324,500
2. GO Debt/Assessed Value	1.5%	1.76%	1.78%	1.78%	1.76%	1.72%	1.67%	1.62%
3. Debt Service + LTL + Short-Term Leases/Revenues (GF)	10%	10.31%	11.12%	11.41%	11.59%	11.31%	11.34%	11.50%
4. \$ Debt/Capita		2,848	2,946	3,036	3,114	3,186	3,246	3,295
5. \$ Real Debt/Capita	\$2,000 ^{\$} 2,200	2,848	2,887	2,911	2,913	2,903	2,888	2,866
6. Capita Debt/Capita Income	3.5%	3.71%	3.63%	3.58%	3.53%	3.53%	3.52%	3.49%
7. Payout Ratio	60% - 75%	68.62%	68.67%	68.81%	69.05%	69.35%	70.07%	70.77%
8. Total Debt Outstanding (\$000s)		2,873,315	3,004,815	3,124,770	3,234,330	3,338,610	3,432,390	3,515,855
9. Real Debt Outstanding (\$000s)		2,873,315	2,945,031	2,996,086	3,024,907	3,042,419	3,053,675	3,058,203
10. OP/PSP Growth Assumption			3.0%	4.1%	3.2%	3.2%	3.2%	2.6%

(1) This analysis is used to determine the capacity of Montgomery County to pay debt service on long-term GO Bond debt, long-term leases, and substantial short-term financing.

(2) OP/PSP Growth Assumption equals change in revenues from FY14 approved budget to FY15 budget for FY15 and budget to budget for FY16-20.

DEBT SERVICE IMPACT	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Assumed Issue Size (\$000)	295,000	324,500	324,500	324,500	324,500	324,500	324,500
GO Bond Debt Service (\$000)	277,885	311,115	330,064	348,149	360,848	378,560	395,786
Dollar change in GO Bond debt service (year to year)	15,235	33,231	18,949	18,085	12,699	17,713	17,226
Percentage change in GO Bond debt service (year to year)	5.80%	11.96%	6.09%	5.48%	3.65%	4.91%	4.55%
Dollar change in GO Bond debt service from the base (FY14)		33,231	52,180	70,264	82,963	100,676	117,902
STL and LTL Debt Service	33,004	34,345	38,779	38,828	28,789	24,050	23,015
Total Debt Service for Debt Capacity (GO Bond + STL and LTL)	310,888	345,460	368,843	386,977	389,637	402,611	418,802
Total Revenues	3,012,809	3,106,201	3,233,233	3,339,625	3,446,096	3,549,119	3,642,808

ASSUMED INCREASE IN DEBT ISSUANCE	Total Increase/(Decrease)						
Approved GO bond debt issuance	295,000	295,000	295,000	295,000	295,000	295,000	295,000
Assumed GO bond debt issuance	295,000	324,500	324,500	324,500	324,500	324,500	324,500
Increase/(Decrease) in GO bond debt issuance	177,000	0	29,500	29,500	29,500	29,500	29,500

DEBT CAPACITY ANALYSIS

FY15-20 BIENNIAL CAPITAL IMPROVEMENTS PROGRAM

DEBT CAPACITY ANALYSIS January 16, 2015

Scenario - Guidelines @ FY15 = \$299.5Mn, FY16-20 = \$335.0

6 Yr. Total (\$Mn.) \$1,974.5 mn

FY15 Total (\$Mn.) \$299.5 mn

FY16 Total (\$Mn.) \$335.0 mn

	GUIDELINE	FY14	FY15	FY16	FY17	FY18	FY19	FY20
1. GO Bond Guidelines (\$000s)		295,000	299,500	335,000	335,000	335,000	335,000	335,000
2. GO Debt/Assessed Value	1.5%	1.76%	1.87%	1.88%	1.86%	1.82%	1.78%	1.73%
3. Debt Service + LTL + Short-Term Leases/Revenues (GF)	10%	10.31%	11.40%	11.63%	12.07%	11.94%	11.99%	12.16%
4. \$ Debt/Capita		2,845	3,101	3,178	3,242	3,301	3,348	3,377
5. \$ Real Debt/Capita	\$2,000 ^{\$} 2,200	2,845	3,039	3,060	3,064	3,057	3,034	2,991
6. Capita Debt/Capita Income	3.5%	3.70%	3.82%	3.93%	3.86%	3.80%	3.77%	3.73%
7. Payout Ratio	60% - 75%	68.62%	67.41%	67.74%	68.16%	68.63%	69.50%	70.35%
8. Total Debt Outstanding (\$000s)		2,870,500	3,162,750	3,269,680	3,365,690	3,455,895	3,535,075	3,603,415
9. Real Debt Outstanding (\$000s)		2,870,500	3,099,824	3,149,200	3,180,917	3,200,558	3,203,413	3,191,303
10. OP/PSP Growth Assumption			3.0%	0.8%	5.2%	3.1%	2.9%	2.7%

Notes:

- (1) This analysis is used to determine the capacity of Montgomery County to pay debt service on long-term GO Bond debt, long-term leases, and substantial short-term financing.
- (2) OP/PSP Growth Assumption equals change in revenues from FY14 approved budget to FY15 budget for FY15 and budget to budget for FY16-20.
- (3) The proposed GO Bond Guidelines reflect the FY15 approved GO Bond issuance and increased bond issuance assumptions for FY16-20. Using prior bond authority, there was an additional, one-time \$200.5 million bond issue in FY15 to fund Smart Growth Initiative costs. Debt service costs reflected above include the costs associated with this additional issuance as well as savings from bond refundings.

DEBT SERVICE IMPACT	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Assumed Issue Size (\$000)	295,000	299,500	335,000	335,000	335,000	335,000	335,000
GO Bond Debt Service (\$000)	277,885	317,588	319,765	353,085	370,291	388,810	406,736
Dollar change in GO Bond debt service (year to year)	15,235	39,703	2,177	33,321	17,205	18,519	17,926
Percentage change in GO Bond debt service (year to year)	5.80%	14.29%	0.69%	10.42%	4.87%	5.00%	4.61%
Dollar change in GO Bond debt service from the base (FY14)		39,703	41,880	75,201	92,406	110,925	128,852
STL and LTL Debt Service	33,004	34,345	38,779	38,828	28,789	24,050	23,015
Total Debt Service for Debt Capacity (GO Bond + STL and LTL)	310,888	351,933	358,544	391,913	399,080	412,860	429,751
Total Revenues	3,012,809	3,088,283	3,081,762	3,246,813	3,343,577	3,442,031	3,532,705

ASSUMED INCREASE IN DEBT ISSUANCE	Total Increase/(Decrease)
Approved GO bond debt issuance	295,000
Assumed GO bond debt issuance	295,000
Increase/(Decrease) in GO bond debt issuance	27,500

DEBT CAPACITY ANALYSIS

FY15-20 BIENNIAL CAPITAL IMPROVEMENTS PROGRAM

DEBT CAPACITY ANALYSIS January 16, 2015

Scenario - Guidelines @ FY15 = \$299.5Mn, FY16-20 = 340Mn

6 Yr. Total (\$Mn.) \$1999.5 mn

FY15 Total (\$Mn.) \$299.5 mn

FY16 Total (\$Mn.) \$340.0 mn

	GUIDELINE	FY14	FY15	FY16	FY17	FY18	FY19	FY20
1. GO Bond Guidelines (\$000s)		295,000	299,500	340,000	340,000	340,000	340,000	340,000
2. GO Debt/Assessed Value	1.5%	1.76%	1.87%	1.88%	1.87%	1.83%	1.79%	1.74%
3. Debt Service + LTL + Short-Term Leases/Revenues (GF)	10%	10.31%	11.40%	11.63%	12.07%	11.95%	12.03%	12.21%
4. \$ Debt/Capita		2,845	3,101	3,182	3,252	3,314	3,365	3,398
5. \$ Real Debt/Capita	\$2,845 2,845	2,845	3,039	3,065	3,073	3,069	3,049	3,010
6. Capita Debt/Capita Income	3.5%	3.70%	3.82%	3.93%	3.87%	3.81%	3.79%	3.76%
7. Payout Ratio	60% - 75%	68.62%	67.41%	67.71%	68.11%	68.56%	69.41%	70.24%
8. Total Debt Outstanding (\$000s)		2,870,500	3,162,750	3,274,680	3,375,440	3,470,145	3,553,575	3,625,915
9. Real Debt Outstanding (\$000s)		2,870,500	3,099,824	3,154,016	3,190,132	3,213,755	3,220,177	3,211,230
10. OP/PSP Growth Assumption			3.0%	0.8%	5.2%	3.1%	2.9%	2.7%

Notes:

- (1) This analysis is used to determine the capacity of Montgomery County to pay debt service on long-term GO Bond debt, long-term leases, and substantial short-term financing.
- (2) OP/PSP Growth Assumption equals change in revenues from FY14 approved budget to FY15 budget for FY15 and budget to budget for FY16-20.
- (3) The proposed GO Bond Guidelines reflect the FY15 approved GO Bond issuance and increased bond issuance assumptions for FY16-20. Using prior bond authority, there was an additional, one-time \$200.5 million bond issue in FY15 to fund Smart Growth Initiative costs. Debt service costs reflected above include the costs associated with this additional issuance as well as savings from bond refundings.

DEBT SERVICE IMPACT	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Assumed Issue Size (\$000)	295,000	299,500	340,000	340,000	340,000	340,000	340,000
GO Bond Debt Service (\$000)	277,885	317,588	319,765	353,210	370,916	389,922	408,324
Dollar change in GO Bond debt service (year to year)	15,235	39,703	2,177	33,446	17,705	19,006	18,401
Percentage change in GO Bond debt service (year to year)	5.80%	14.29%	0.69%	10.46%	5.01%	5.12%	4.72%
Dollar change in GO Bond debt service from the base (FY14)		39,703	41,880	75,326	93,031	112,038	130,439
STL and LTL Debt Service	33,004	34,345	38,779	38,828	28,789	24,050	23,015
Total Debt Service for Debt Capacity (GO Bond + STL and LTL)	310,888	351,933	358,544	392,038	399,705	413,972	431,339
Total Revenues	3,012,809	3,088,283	3,081,762	3,246,813	3,343,577	3,442,031	3,532,705

ASSUMED INCREASE IN DEBT ISSUANCE	Total Increase/(Decrease)
Approved GO bond debt issuance	295,000 299,500 324,500 327,000 332,000 332,000 332,000
Assumed GO bond debt issuance	295,000 299,500 340,000 340,000 340,000 340,000 340,000
Increase/(Decrease) in GO bond debt issuance	52,500 0 0 15,500 13,000 8,000 8,000 8,000

COMPARING PROGRAMMED AND ACTUAL EXPENDITURES
GO BOND FUNDING ONLY
FOR FISCAL YEARS 2010 THROUGH 2014

BOND CATEGORY	FY10 ACTUAL BONDS	FY10 PROGRAM BONDS	FY10 RATE	FY11 ACTUAL BONDS	FY11 PROGRAM BONDS	FY11 RATE
PUBLIC SCHOOLS	105,583,133	124,840,000	84.57%	145,067,484	186,280,000	77.88%
M. COLLEGE	30,014,266	47,155,000	63.65%	13,637,541	28,208,000	48.35%
M-NCPPC PARKS	13,988,737	10,912,000	128.20%	7,897,616	11,332,000	69.69%
TRANSPORTATION	72,845,702	91,706,000	79.43%	115,327,299	74,634,000	154.52%
MCG-OTHER	45,871,618	65,845,000	69.67%	47,756,828	77,936,000	61.28%
TOTAL	268,303,456	340,458,000	78.81%	329,686,768	378,390,000	87.13%
BOND CATEGORY	FY12 ACTUAL BONDS	FY12 PROGRAM BONDS	FY12 RATE	FY13 ACTUAL BONDS	FY13 PROGRAM BONDS	FY13 RATE
PUBLIC SCHOOLS	216,699,809	143,988,000	150.50%	201,774,950	175,909,000	114.70%
M. COLLEGE	26,872,476	16,038,000	167.56%	44,875,398	27,353,000	164.06%
M-NCPPC PARKS	5,571,932	10,040,000	55.50%	7,983,953	1,570,101	508.50%
TRANSPORTATION	106,136,158	78,638,000	134.97%	86,298,247	85,559,491	100.86%
MCG-OTHER	33,960,962	131,044,000	25.92%	115,368,429	166,825,408	69.16%
TOTAL	389,241,336	379,748,000	102.50%	456,300,977	457,217,000	99.80%
BOND CATEGORY	FY14 ACTUAL BONDS	FY14 PROGRAM BONDS	FY14 RATE	LAST 5-YEAR AGGREGATE ACTUAL BONDS	LAST 5-YEAR AGGREGATE PROGRAM BONDS	LAST 5-YEAR AGGREGATE RATE
PUBLIC SCHOOLS	158,829,935	137,256,000	115.72%	827,955,311	768,273,000	107.77%
M. COLLEGE	17,218,249	26,184,000	65.76%	132,617,930	144,938,000	91.50%
M-NCPPC PARKS	3,391,648	7,602,782	44.61%	38,833,885	41,456,883	93.67%
TRANSPORTATION	62,089,149	75,547,819	82.19%	442,696,554	406,085,310	109.02%
MCG-OTHER	108,577,074	93,484,399	116.14%	351,534,910	535,134,807	65.69%
TOTAL	350,106,053	340,075,000	102.95%	1,793,638,590	1,895,888,000	94.61%

TAX SUPPORTED CURRENT REVENUES ADJUSTMENT CHART

FY15-20 Capital Improvements Program

COUNTY EXECUTIVE RECOMMENDED

January 15, 2015

(\$ MILLIONS)	6 YEARS	FY15 APPROP	FY16 APPROP (1)	FY17 EXP	FY18 EXP	FY19 EXP	FY20 EXP
TAX SUPPORTED CURRENT REVENUES AVAILABLE	412.936	45.813	73.052	68.183	71.228	77.711	76.949
Adjust for Future Inflation *	(14.807)	-	-	(1.278)	(2.739)	(4.597)	(6.193)
SUBTOTAL CURRENT REVENUE FUNDS AVAILABLE FOR ELIGIBLE PROJECTS (after adjustments)	398.129	45.813	73.052	66.905	68.489	73.114	70.756
Less Set Aside: Future Projects	-	-	-	-	-	-	-
TOTAL FUNDS AVAILABLE FOR PROGRAMMING	397.379	45.813	73.052	66.905	68.489	72.364	70.756
GENERAL FUND							
MCPS	(115.952)	(3.467)	(26.111)	(25.542)	(21.038)	(19.979)	(19.815)
MONTGOMERY COLLEGE	(75.118)	(11.471)	(10.941)	(13.163)	(13.181)	(13.181)	(13.181)
M-NCPPC	(16.788)	(2.798)	(2.798)	(2.798)	(2.798)	(2.798)	(2.798)
HOC	(7.500)	(1.250)	(1.250)	(1.250)	(1.250)	(1.250)	(1.250)
TRANSPORTATION	(43.677)	(6.311)	(6.656)	(7.637)	(6.896)	(8.056)	(8.121)
MC GOVERNMENT	(36.523)	(14.623)	(5.350)	(4.400)	(3.650)	(4.200)	(4.300)
SUBTOTAL - GENERAL FUND	(295.558)	(39.920)	(53.106)	(54.790)	(48.813)	(49.464)	(49.465)
MASS TRANSIT FUND	(74.551)	0.491	(14.718)	(8.044)	(16.299)	(20.156)	(15.825)
FIRE CONSOLIDATED	(24.525)	(5.389)	(4.878)	(3.721)	(3.027)	(2.394)	(5.116)
RECREATION FUND	(0.645)	(0.645)	-	-	-	-	-
PARK FUND	(2.100)	(0.350)	(0.350)	(0.350)	(0.350)	(0.350)	(0.350)
SUBTOTAL - OTHER TAX SUPPORTED	(101.821)	(5.893)	(19.946)	(12.115)	(19.676)	(22.900)	(21.291)
TOTAL PROGRAMMED EXPENDITURES	(397.379)	(45.813)	(73.052)	(66.905)	(68.489)	(72.364)	(70.756)
AVAILABLE OR (GAP) TO BE SOLVED	-	-	-	-	-	-	-

* Inflation: 2.03% 1.76% 1.91% 2.05% 2.20% 2.32%

Note:

(1) FY16 APPROP equals new appropriation authority. Additional current revenue funded appropriations will require drawing on operating budget fund balances.

M-NCPPC BOND ADJUSTMENT CHART

FY15-20 Biennial Capital Improvements Program

COUNTY EXECUTIVE RECOMMENDED

January 15, 2015

(\$ millions)	6 YEARS	FY15	FY16	FY17	FY18	FY19	FY20
BONDS PLANNED FOR ISSUE Assumes Council SAG	36.000	6.000	6.000	6.000	6.000	6.000	6.000
Adjust for Implementation *	11.606	2.000	2.000	1.963	1.923	1.882	1.839
Adjust for Future Inflation *	(1.181)	-	-	(0.112)	(0.231)	(0.355)	(0.483)
SUBTOTAL FUNDS AVAILABLE FOR							
DEBT ELIGIBLE PROJECTS (after adjustments)	46.425	8.000	8.000	7.850	7.692	7.527	7.356
Less Set Aside: Future Projects 9.0%	4.177	0.495	0.878	0.829	0.644	0.487	0.844
TOTAL FUNDS AVAILABLE FOR PROGRAMMING	42.248	7.505	7.122	7.021	7.048	7.040	6.512
Programmed P&P Bond Expenditures	(42.248)	(7.505)	(7.122)	(7.021)	(7.048)	(7.040)	(6.512)
SUBTOTAL PROGRAMMED EXPENDITURES	(42.248)	(7.505)	(7.122)	(7.021)	(7.048)	(7.040)	(6.512)
AVAILABLE OR (GAP) TO BE SOLVED	-	-	-	-	-	-	-

NOTES:

* Adjustments Include:

Inflation =	2.03%	1.76%	1.91%	2.05%	2.20%	2.32%
Implementation Rate =	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%